



### HEADLINES

#### **EU / Lisbon Agenda: Parliament & Competitiveness Council back Commission's "Growth &**

##### **Jobs" Strategy**

The European Parliament has voted overwhelmingly in favour of a resolution supporting the Commission's plans for a re-launch of the Lisbon Agenda for economic, social and environmental reforms, and have made it Europe's top priority for the next five years. The vote, which took place in the plenary session on 9 March, passed the resolution with 514 votes to 110, with 20 abstentions. The Commission's review of the Lisbon Strategy, which was announced on 2 February, recommended that EU policies focus on growth and jobs through fewer and clearer priorities, which needed to be identified and limited to a number of core areas and implemented through sharper policy instruments.

The issue has been politically divisive, receiving widespread support from the centre-right group, the EPP-DE, but criticism from the Socialists and greens for placing too little emphasis on the European social model and environmental protections. These views were reflected in the debate on 9 March with MEPs stating that labour markets should promote both dynamism and social security and outlining their belief that high level social and environmental standards should be seen as part of Europe's competitive advantage. The resolution sets out Parliament's views ahead of the Spring Summit of EU leaders (22-23 March).

The Competitiveness Council also welcomed the Commission's "growth and jobs" communication to the Spring European Council at its meeting on 7 March. It underlined that it had a key role to play in driving forward the new initiatives and structural reforms necessary and creating conditions which foster investment, innovation and greater competition.

*More information of the Commission's "growth & jobs" strategy: [http://europa.eu.int/growthandjobs/index\\_en.htm](http://europa.eu.int/growthandjobs/index_en.htm)*

#### **EU / Services Directive: Commission statement**

Amid much controversy and press speculation on the future of the Services directive, Commissioner Charlie McCreevy made a statement on the subject to the European Parliament at its plenary session on 9 March. Firstly, he clearly stated that the Commission had no intention to withdraw the current proposal. He then went on to outline the steps he has taken to consult all parties involved, including MEPs, social partners and Ministers and described the level of support he had encountered for the directive. Mr. McCreevy argued that the liberalisation of the services market is necessary to achieve the levels of growth needed for sustainable development. He believes that removing the red-tape currently strangling efforts to establish services on a cross-border basis will make a real contribution to entrepreneurship, growth and job creation. It is also a key element of the Lisbon Agenda.

## ESBA Bulletin of 10 March 2005 – Volume 7 – Number 5

Mr. McCreevy then went on to discuss the concerns surrounding the directive and agreed that some modification will have to be made to make it acceptable to all parties. He identified the areas that should be addressed as:

- Conditions and standards for workers - there will be no change to the existing situation
- Healthcare and public services – they should be excluded from the scope of the directive
- “Country of origin” principle – needs to be maintained to promote cross-border provision of services. Issues need to be addressed to give greater confidence and certainty to businesses and consumers.

Mr. McCreevy concluded his statement to the Parliament by signalling his willingness to work openly and constructively with them. At present the directive is in the hands of the parliament for a first reading and will be discussed in the Committee on the Internal Market and Consumer Protection on 17 March.

*More information on Services in the Internal Market:*

[http://europa.eu.int/comm/internal\\_market/en/services/services/](http://europa.eu.int/comm/internal_market/en/services/services/)

### **EU / Software Patents: Proposal backed by EU Ministers**

Ministers attending the Competitiveness Council on 7 March voted in favour of the directive on the patentability of computer-implemented inventions, opening the way for a fierce battle with the Parliament who had earlier called for the Commission to present a new draft proposal on the subject. During the plenary session on 9 March Commissioner McCreevy told the Parliament that the Commission could not have put forward a new proposal, since the Council had been about to adopt its common position. He also defended the scope of the directive claiming that “it does not include software as such”.

Parliament now has just four months to complete a second reading on the directive. Rapporteur Michel Rocard (Socialist, France) has called the situation “disastrous”, and argues that it is necessary to limit the scope of the directive to avoid confusion, since the text is not clear. All political groups have criticised the text for being too vague, claiming that it risked limiting freedom of expression and encouraging unfair competition from big software firms. Some MEPs have also stressed the need to protect smaller firms from additional legal costs.

*More information:* [http://europa.eu.int/comm/internal\\_market/en/indprop/comp/](http://europa.eu.int/comm/internal_market/en/indprop/comp/)

### **EU / Employment Council: Working Time discussed**

The amendment of the Working Time directive was discussed at the Employment, Social Policy, Health & Consumer Affairs Council on 3 March. Although consensus was reached on certain aspects of the directive at the last Employment Council held on 7 December 2004, the “opt-out” clause still remains a divisive issue.

The draft report by Alejandro Cercas (Socialist, Spain) on the review of the Working Time Directive is due to be discussed in the Employment and Social Affairs Committee of the European Parliament on the 15 March. The report by Cercas, published on 7 March, accepts the introduction of a 12 month reference period for the calculation of working time, with certain conditions attached to it. It however, proposes that the opt-out from the 48 hour average working week be phased out.

## ESBA Bulletin of 10 March 2005 – Volume 7 – Number 5

Philip Bushill-Matthews MEP, conservative Employment and Social Affairs Spokesman in the European Parliament, said at a press conference on 7 March that this phasing out was “unacceptable” in a context where the Barroso Commission is committed to more competitive and market-driven growth in the EU.

The deadline for amendments is 16 March, with the aim of the report being adopted in committee on 20 April, and in the plenary session on 9 May, paving the way for an agreement in Council before the end of the Luxembourg Presidency (end of June). Due to the tight timetable, Nils Lundgren (Independence & Democracy Group, Sweden) rapporteur for opinion will not submit a draft opinion, instead he will submit amendment to Cercas’ report directly to the Employment committee on behalf of his committee - Industry, Research and Energy. The report will also be subject to a vote in the Industry committee on 30 March and any amendments not adopted will fall from the Employment Committee voting list.

The Working Time Directive will be further discussed at the Employment Council on 2-3 June.

*See Mr. Cercas’ draft report:*

[http://www.europarl.eu.int/meetdocs/2004\\_2009/documents/PR/555/555686/555686en.pdf](http://www.europarl.eu.int/meetdocs/2004_2009/documents/PR/555/555686/555686en.pdf)

### IN BRIEF

#### **EU / Competitiveness Council: Small Enterprise Charter discussed**

At the Competitiveness Council held on 7 March, using the 5<sup>th</sup> Implementation Report on the Small Enterprise Charter as a basis for discussion, there was an exchange of views on how to boost entrepreneurship in Europe. The Council believes that as well as playing a crucial role in promoting the competitiveness of SMEs, the Charter also significantly contributes to meeting the Lisbon goals. It will therefore continue to closely monitor the progress of the Charter.

*For more information on the Competitiveness Council 07/03/05:*

<http://www.eu2005.lu/en/calendrier/2005/03/03EPSCO/index.html>

#### **EU / SME Intergroup: First Meeting held in Strasbourg**

The first meeting of the newly reformed SME Intergroup was held on 9 March, during the plenary session of the European Parliament in Strasbourg. The objective of the Intergroup is the promotion of SME interests to support the Lisbon Agenda goals at a cross party level in the European Parliament, and the first meeting concentrated on the importance of the Services Directive for economic growth and full employment. Speakers included Margot Fröhlinger (Head of Unit Services, DG Internal Market), Evelyne Gebhardt MEP (Rapporteur on the Services Directive) and Nicolas Schmit (Services Directive expert of the Luxembourg Presidency).

The Presidents of the SME Intergroup are Othmar Karas (EPP-ED), Edith Herczog (PES), and Wolf Klinz (ALDE).

For further information on the Intergroup contact the office of Mr. Karas: [okaras@europarl.eu.int](mailto:okaras@europarl.eu.int)

#### **EU / Unfair Commercial Practices: Vote in Plenary**

## ESBA Bulletin of 10 March 2005 – Volume 7 – Number 5

On 24 February the European Parliament voted to adopt the amendments drafted by Mercedes Bresso (Socialist, Italy) to the Common Position on Unfair Commercial Practices. Ms. Bresso's report contained 19 amendments to the draft directive, to avoid going to conciliation MEPs compromised on some of their initial proposals (68 in total) and withdrew others. The Commission has adopted a favourable Opinion on the European Parliament's amendments and the amendments were endorsed by the Council of Ministers in the Competitiveness Council meeting on 7 March.

Commissioner Kyprianou (Health & Consumer Protection) welcomed the first full harmonisation directive in the consumer protection area, "The Unfair Commercial Practices Directive will mark a major step forward for consumers, business and the overall EU competitiveness. The Commission will take a proactive approach and work closely with the Member States in order to achieve uniform implementation and application. In doing so, we will of course also include all those who will be directly

affected by this new law, both consumers and businesses."

The formal adoption on the Directive will take place at the Competitiveness Council in June.

For more information see: [http://europa.eu.int/comm/consumers/cons\\_int/safe\\_shop/fair\\_bus\\_pract/index\\_en.htm](http://europa.eu.int/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm)

Questions & Answers on the Unfair Commercial Practices Directive: <http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/05/64&format=HTML&aged=0&language=EN&guiLanguage=en>

### **EU / SMEs: Commission launches "Your Europe" internet portal**

On 7 March the European Commission launched the "Your Europe" internet portal, in an attempt to make life easier for European businesses. The website aims to help businesses overcome frequent obstacles such as administrative requirements and to provide information on topics such as, how to start up a business and how to get access to financing and public procurement opportunities in other Member States. Speaking at the launch, Commissioner Verheugen (Enterprise & Industry) claimed the portal represents the first step towards a European eGovernment service.

Access the portal: <http://europa.eu.int/youreurope/nav/en/business/home.html>

### **EU / Commission: New SME Envoy**

Maive RUTE, former CEO of the Estonian Credit and Export Guarantee Fund, will become the new SME Envoy of the European Commission. Maive RUTE, an Estonian citizen, will replace Timo SUMMA who has moved to DG Enlargement.

SME Envoy website: [http://europa.eu.int/comm/enterprise/entrepreneurship/sme\\_envoy/index.htm](http://europa.eu.int/comm/enterprise/entrepreneurship/sme_envoy/index.htm)

### **EU / Internet: .eu domain to soon be available**

Although the exact date for its launch has yet to be set, businesses are excitingly gearing up for the introduction of the prestigious new .eu domain. The opening of a new extension on the internet is a major event for businesses and with five hundred million potential European candidates for the domain it could turn into a "gold rush". Unlike .com, which was originally created to designate commercial activities, but then freely distributed following the success of the internet, the .eu aims

## ESBA Bulletin of 10 March 2005 – Volume 7 – Number 5

to keep its specificity and will only be given to companies with their headquarters, administration or main office in the EU. It will also be issued to any organisation established in the EU or any person living in any of the EU Member States.

*For more information see:*

[http://europa.eu.int/information\\_society/topics/ecommerce/all\\_about/todays\\_framework/public\\_resources/names\\_addresses/eu\\_creation/background/index\\_en.htm](http://europa.eu.int/information_society/topics/ecommerce/all_about/todays_framework/public_resources/names_addresses/eu_creation/background/index_en.htm)

### **EU / FP7: Focus on SME participation**

Commissioner for Science and Research, Janez Potočnik, has presented the Commission's plans for the next Community Research Framework Programme, FP7. The underlying principle is to use the framework programme to achieve the Lisbon goals, but Mr. Potočnik is also determined to increase SME participation. To this effect, the Commission will take SMEs fully onboard in the FP7 preparatory phase, and a "sounding board" consisting of SMEs and other smaller actors is currently being created to mirror the FP7 proposal well in advance.

*More information on FP7: <http://www.cordis.lu/era/fp7.htm>*

### **EU / EU Constitution: Update**

On Sunday 20 February Spain held the first referendum on the EU Constitution. The text was approved by 76.7% of the voters and EU leaders were quick to praise the result. However, the 42.3% turnout rate, which is lower than the average for normal European elections (45.7%), again raises questions about why turnout is so low for European level elections. The referendum was non-binding and the Spanish parliament still needs to ratify the Constitution.

The Constitution has previously been ratified by Hungary, Lithuania and Slovenia through Parliamentary decisions. The next country to ratify (by Parliament) the Constitution will be Germany on 12 May, she will be closely followed by France, who will hold a referendum on 29 May. The deadline by which all member states should ratify the Constitution is the end of October 2006.

*More information on the EU Constitution: [http://europa.eu.int/constitution/index\\_en.htm](http://europa.eu.int/constitution/index_en.htm)*

## **CONSULTATION**

- **Requirements regarding contents of packages**

Taking up a recommendation of the SLIM exercise (Simpler Legislation for the Internal Market), the Commission seeks to streamline the various existing laws into a single directive (currently two), at the same time sweeping away some 25 different national rules in this area. The public consultation hopes to solicit the views of producers and citizens on its plans for simplifying current legislation and aligning it with the international standards formulated by the OIML (Organisation Internationale de Métrologie Légale).

*Closes 15 March 2005*

Further information: [http://europa.eu.int/comm/enterprise/prepack/index\\_en.htm](http://europa.eu.int/comm/enterprise/prepack/index_en.htm)

- **VAT and the Place of Supply of Services supplied to non-taxable persons**

## ESBA Bulletin of 10 March 2005 – Volume 7 – Number 5

The goal of this paper is to describe the problem areas the Commission has identified in Article 9 of the Sixth VAT Directive (Directive 77/388/EEC of 17 May 1977) when dealing with services supplied to non-taxable persons (B2C supplies). The document also provides an overview of possible modifications to the rules governing the place of supply and seeks reactions and input on the proposed framework and related issues. By considering the contributions of all stakeholders, the Commission will be in a better position to consider how best to progress the possible review of these rules.

*Closes 4 April 2005*

Further information: [http://europa.eu.int/comm/taxation\\_customs/common/consultations/tax/article\\_1704\\_en.htm](http://europa.eu.int/comm/taxation_customs/common/consultations/tax/article_1704_en.htm)

### COMING UP

#### **EU Institutions: Important Dates**

10 March Environment Council

16-17 March General Affairs & External Relations Council

22-23 March European Council

7-9 April Informal Meeting of Labour & Employment Ministers, Luxembourg

11-14 April European Parliament Plenary Session, Strasbourg

12 April Economic & Financial Affairs Council

14 April Justice & Home Affairs Council

18 April Competitiveness Council

25-26 April General Affairs & External Relations Council

27-24 April European Parliament Mini-Plenary Session, Brussels

#### **Other SME related Events**

15 March Refocusing Lisbon - The vital role of SMEs - Brussels, Belgium

Organised by SME Union - Further information: <http://www.sme-union.org/event/index.php?LAN=en&ID=1>

20-22 March First World Forum On Regional Economic Development -

Madeira, Portugal - Further information: <http://www.madeiraworldforum.com/about.asp>

23 March Gate2Growth Event on Stimulating Innovative Entrepreneurship

## ESBA Bulletin of 10 March 2005 – Volume 7 – Number 5

Warsaw, Poland - Further information: <http://www.e-unlimited.com/Gate2Growth/Event/Warsaw2005/>

5 April FP6 Measures to Support Technological Innovation - In smes' in the Food sector"

Florence, Italy - Organised by DETECT-it

Further information: <http://www.detect-it.org/content/main.asp?PageID=55&MenuGroup=1&MenuNum=17>

13-15 April International Co-operation to Seize innovation Opportunities for SMEs, Barcelona, Spain

Organised by INSME -Further information: [www.annualmeeting2005.insme.org](http://www.annualmeeting2005.insme.org)

11-13 May International Training Program on Intellectual Property and Management of Innovation in SMEs

Geneva, Switzerland -Organised by WIPO & INSME -Further information:

[http://www.wipo.int/sme/en/activities/meetings/forthcoming\\_events/index.htm](http://www.wipo.int/sme/en/activities/meetings/forthcoming_events/index.htm)

12-13 May 6<sup>th</sup> International Conference on Corporate Governance -Nuffield Hall, Regents Park, London

Further information: <http://www.wcfcg.net/iccg/iccg.htm>

19-20 May -Learning Conference "Towards a Learning Society?" -Brussels, Belgium

Organised by DG Enterprise-Pre-registration open until 14 March

Further information & to register: <http://www.elearningconference.org>

15-16 June Annual Conference on the European Charter for Small Enterprises Luxembourg

Organised by the European Commission & Luxembourg Presidency

Those wishing to participate are advised to register early, as places are limited.

To register (deadline 13 May) & for further information:

[http://europa.eu.int/comm/enterprise/events/charter/conf\\_2005.htm](http://europa.eu.int/comm/enterprise/events/charter/conf_2005.htm)